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CLERK U.S. DISTRICT COURT  
CENTRAL DISTRICT OF CALIF.  
SANTA ANA

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9  
10 UNITED STATES DISTRICT COURT  
11 CENTRAL DISTRICT OF CALIFORNIA  
12 SOUTHERN DIVISION

13  
14 Clay Smith Engineering, Inc.,

15 Plaintiff,

16 vs.

17 Zazzle.com, Inc.,

18 Defendant.

19 Case No. **SACV08-01275 DOC (MLGx)**

20  
21  
22 COMPLAINT FOR:  
23 TRADEMARK INFRINGEMENT,  
24 TRADEMARK COUNTERFEITING,  
25 FEDERAL UNFAIR COMPETITION,  
26 UNFAIR COMPETITION UNDER  
27 CALIFORNIA LAW

28 Plaintiff, Clay Smith Engineering, Inc. (hereinafter "CSEI" or "Plaintiff"), by and through its attorney, the Law Offices of Christine Karol Roberts, as and for its Complaint against the Defendant, Zazzle.com, Inc. ("ZCI" or "Defendant") hereby alleges as follows:

## 1 PARTIES AND JURISDICTION

2

3 1. Jurisdiction is founded on a federal question, within the meaning of 28

4 U.S.C. §§ 1331 and 1338, in that it is a suit for infringement and unfair competition under

5 the provisions of the Lanham Trademark Act, 15 U.S.C. § 1121(a). The Court's

6 supplemental jurisdiction over the state law claims is invoked pursuant to 28 U.S.C. §

7 1337.

8 2. Plaintiff, CSEI, is a California corporation with its principal place of

9 business at 5870 Dale Street, Buena Park, California 90621.

10 3. Plaintiff is reliably informed and on the basis of that information alleges that

11 Defendant ZCI is a California corporation with its principal place of business at 1900

12 Seaport Blvd. - Fourth Floor, Redwood City, California 94063.

13 4. The Defendant, by virtue of transacting business within California

14 including, but not limited to, the offering for sale and sale of merchandise and apparel

15 through its website Zazzle.com to California residents throughout the State of California

16 and within this judicial district, as well as contracting to supply goods in the State of

17 California, has purposely availed itself of the privilege of doing business in the State of

18 California and has committed tortious acts within the State of California, such that the

19 exercise of personal jurisdiction is reasonable. Venue is proper in this District under 28

20 U.S.C. § 1331(b)(2).

## 21 COMMON FACTUAL ALLEGATIONS

22

23 5. Plaintiff is a well-known manufacturer of custom camshafts that are used in

24 internal combustion engines. Plaintiff's camshafts have been installed in motorcycles,

25 automobiles, dragsters, racing tractors, monster trucks, 3-wheel racers, and the like.

26 Since as early as 1959, Plaintiff has been using a very distinctive trademark on its

27 camshafts consisting of the stylized head of an angry woodpecker known as "MR.

1 HORSEPOWER.”

2       6. Plaintiff's product line under its “angry woodpecker head” MR.  
3 HORSEPOWER trademark family of marks has now extended to a variety of  
4 merchandise including, but not limited to, piston, spark plug and carburetor racks,  
5 skateboards, novelty items, race wear, clothing, patches, stickers and decals.

6       7. Plaintiff has a family of angry woodpecker head trademarks including those  
7 known as MR. HORSEPOWER and HORSEPOWER WITH ATTITUDE. Plaintiff has  
8 been issued the following United States trademark registrations for MR. HORSEPOWER  
9 and its angry woodpecker heads: 739, 694 - October 23, 1962; 921,891 - October 12,  
10 1971; 1,768,442 - May 4, 1993; 1,771,411 - May 11, 1993; 1,771,552 - May 18, 1993;  
11 and 2,484,714 - September 4, 2001. Each of the foregoing registrations is in full force  
12 and effect as of the filing of this complaint and are referred to collectively herein as the  
13 “Marks.” See attached Exhibit 1, the trademark registration for MR. HORSEPOWER  
14 AND DESIGN, which is attached to and incorporated herein as if fully set forth at length.

15       8. Plaintiff's merchandise has been shipped around the world and its MR.  
16 HORSEPOWER “angry woodpecker head” trademark has become well-known,  
17 particularly among motor racing enthusiasts including those who build, service and race  
18 motor vehicles as well as those who attend motor racing shows and exhibitions. These  
19 individuals and entities have come to associate automotive related merchandise bearing  
20 an “angry woodpecker head” as originating from Clay Smith Engineering, Inc. and from  
21 no other source. In addition, Plaintiff has sponsored a race vehicle, appeared at national  
22 hot rod shows, and has advertised its products and distributed its catalogues throughout  
23 the racing community and elsewhere throughout the United States and within this judicial  
24 district, all of which events bearing its distinctive MR. HORSEPOWER “angry  
25 woodpecker head” trademarks. Plaintiff also maintains a website at  
26 [www.claysmithcams.com](http://www.claysmithcams.com) on which it offers its merchandise for sale.

27       9. On information and belief, Defendant ZCI's primary business base is its  
28 website, [www.zazzle.com](http://www.zazzle.com).

1       10. On information and belief, in 1999, Robert Beaver and his two sons founded  
2 Zazzle.com, a service which enables users of its website (hereinafter "Users") to upload  
3 images and create their own products and store. Zazzle.com Users are able to create  
4 and/or modify virtually any image on the Zazzle.com website, from customized t-shirts  
5 to postage stamps according to ZCI's literature.

6       11. On information and belief, ZCI is an online retailer that allows Users to  
7 upload images and create their own merchandise including apparel and/or providing that  
8 website visitors may purchase merchandise created by other Users which ZCI  
9 manufactures on demand and furnishes to its Users and/or purchasers.

10      12. On information and belief, Zazzle.com Users are permitted to open their  
11 own shop at no cost and to set the profit they wish to make on each item which ZCI  
12 manufactures for them on demand.

13      13. On information and belief, Zazzle.com Users also receive a commission on  
14 products that they sell and design themselves.

15      14. On information and belief, ZCI's patented color print technology allows  
16 them to manufacture multicolored items, especially t-shirts and other clothing items, for  
17 pennies at a time.

18      15. On information and belief, in addition to creating customized products for  
19 themselves, Users of Zazzle.com can become contributors to the Zazzle.com website and  
20 gallery by sharing their unique creations in the Zazzle.com galleries.

21      16. On information and belief, Users can earn up to a 17% commission every  
22 time someone purchases one of their designs.

23      17. On information and belief, the images a User desires to sell on the  
24 Zazzle.com website are licensed or original designs of the User uploading the image.

25      18. On information and belief, ZCI has no procedure in place to determine  
26 whether or not an uploaded image is the property of the User uploading the image or the  
27 intellectual property of another third party.

28      19. On information and belief, ZCI has never had, and does not now have, a

1 procedure in place to determine whether or not an image uploaded by a User is a licensed  
2 design, an original design of the User, or an infringement of an unknown third party's  
3 intellectual property rights.

4 20. On information and belief, if a User uploads their own design on  
5 Zazzle.com, they receive ten percent (10%) of future sales revenue on the item  
6 manufactured on demand by ZCI .

7 21. On information and belief, User/Designers can increase the royalty rate on  
8 an uploaded image and Zazzle.com will adjust the item price accordingly.

9 22. On information and belief, in 2006 Forbes reported that ZCI and/or its  
10 website Zazzle.com was generating \$20 million in revenue with a gross margin of about  
11 50%. It was estimated that revenue will hit at least \$80 million in 2008. Forbes applies a  
12 4X multiple to arrive at a valuation of ZCI of approximately \$250 million.

13 23. On information and belief, in addition to offering to manufacture and sell the  
14 User images, the Zazzle.com also permits a purchaser of an uploaded image to customize  
15 and/or alter an image on its website which has been uploaded by its Users.

16 24. In late Spring of 2008, it came to the attention of the Plaintiff that the  
17 Defendant ZCI was selling a T-shirt on Zazzle.com uploaded by User NelsonT bearing an  
18 image identical to Plaintiff's MR. HORSEPOWER "angry woodpecker head" and which  
19 constitutes a counterfeit image, thereby infringing Plaintiff's registered MR.  
20 HORSEPOWER "angry woodpecker head" trademark.

21 25. On April 7, 2008, Plaintiff, via its undersigned counsel, Christine Karol  
22 Roberts, sent a letter to the Defendant ZCI, demanding that they immediately cease and  
23 desist using Plaintiff's trademark, the "angry woodpecker head" design of MR.  
24 HORSEPOWER and offering merchandise for sale depicting the User NelsonT's  
25 uploaded images, which merchandise is manufactured by ZCI.

26 26. To date, ZCI has not responded to the cease and desist letter and the  
27 infringing image remains on the Zazzle.com website. See Exhibit 2 which is attached  
28 hereto and incorporated herein as if fully set forth at length.

1       27. In late Spring of 2008, it came to the attention of the Plaintiff that the  
2 Defendant ZCI was selling a T-shirt on Zazzle.com designed by User ABG925 bearing a  
3 woodpecker image entitled Black Market Racing Establishment which is confusingly  
4 similar to Plaintiff's MR. HORSEPOWER "angry woodpecker head" thereby infringing  
5 Plaintiff's registered MR. HORSEPOWER "angry woodpecker head" trademark.

6       28. On April 7, 2008, Plaintiff, via its undersigned counsel, Christine Karol  
7 Roberts, sent a letter to the Defendant ZCI, demanding that they immediately cease and  
8 desist using Plaintiff's trademark, the "angry woodpecker head" design of MR.  
9 HORSEPOWER and offering merchandise for sale depicting the User ABG925's  
10 uploaded images, which merchandise is manufactured by ZCI.

11       29. To date, ZCI has not responded to the cease and desist. See Exhibit 3 which  
12 is attached hereto and incorporated herein as if fully set forth at length.

13       30. In late Spring of 2008, it came to the attention of the Plaintiff that the  
14 Defendant ZCI was selling a T-shirt on Zazzle.com designed by User Rusik1987 bearing  
15 an image identical to Plaintiff's MR. HORSEPOWER "angry woodpecker head" and  
16 which constitutes a counterfeit image, thereby infringing Plaintiff's registered MR.  
17 HORSEPOWER "angry woodpecker head" trademark.

18       31. On April 11, 2008, Plaintiff, via its undersigned counsel, Christine Karol  
19 Roberts, sent a letter to the Defendant ZCI, demanding that they immediately cease and  
20 desist using Plaintiff's trademark, the "angry woodpecker head" design of MR.  
21 HORSEPOWER and offering merchandise for sale depicting the User Rusik1987's  
22 uploaded images, which merchandise is manufactured by ZCI.

23       32. To date, ZCI has not responded to the cease and desist and the infringing  
24 image remains on the Zazzle.com website. See Exhibit 4 which is attached hereto and  
25 incorporated herein as if fully set forth at length.

26       33. In late Spring of 2008, it came to the attention of the Plaintiff that the  
27 Defendant ZCI was selling a T-shirt on Zazzle.com uploaded by User SteveO bearing an  
28 image substantially identical and confusingly similar to Plaintiff's MR. HORSEPOWER

1 "angry woodpecker head" thereby infringing Plaintiff's registered MR. HORSEPOWER  
2 "angry woodpecker head" trademark.

3 34. On April 11, 2008, Plaintiff, via its undersigned counsel, Christine Karol  
4 Roberts, sent a letter to the Defendant ZCI, demanding that they immediately cease and  
5 desist using Plaintiff's trademark, the "angry woodpecker head" design of MR.  
6 HORSEPOWER and offering merchandise for sale depicting the User SteveO's  
7 uploaded images, which merchandise is manufactured by ZCI.

8 35. To date, ZCI has not responded to the cease and desist and the infringing  
9 image remains on the Zazzle.com website. See Exhibit 5 which is attached hereto and  
10 incorporated herein as if fully set forth at length.

11 36. To date, the Defendant has not discontinued the manufacture and/or sale of  
12 the infringing merchandise prominently bearing the Plaintiff's registered woodpecker  
13 head logo.

14 37. Notwithstanding CSEI's well-known, prior and exclusive statutory and  
15 common law rights to use of its MR. HORSEPOWER "angry woodpecker head" design,  
16 ZCI used and continues to use the CSEI marks and offering merchandise for sale  
17 depicting the infringing uploaded images on merchandise which is manufactured by ZCI  
18 including, but not limited to t-shirts and other apparel (the "counterfeit and infringing  
19 merchandise").

20 38. The counterfeit and infringing merchandise are not CSEI's products, and  
21 ZCI does not have sponsorship, consent, approval, or certification of CSEI.

22 39. ZCI has no association or affiliation whatever with CSEI, nor does it have  
23 the consent of CSEI to use the trademark MR. HORSEPOWER "angry woodpecker  
24 head" design.

25 40. The counterfeit and infringing images and merchandise offered for sale  
26 and/or sold by ZCI are of the same general appearance and nature as CSEI's merchandise  
27 bearing its registered trademarks, but are of inferior materials and quality compared to  
28 CSEI's merchandise bearing its registered trademarks.

41. CSEI's merchandise and ZCI's merchandise are marketed through the same channels of trade and to the same consumers.

42. ZCI's use of the Plaintiff's MR. HORSEPOWER trademark falsely creates the impression that ZCI's merchandise is manufactured by or affiliated with CSEI, and constitutes trademark counterfeiting, trademark infringement and unfair competition.

43. ZCI's trademark counterfeiting, infringement and unfair competition demonstrate intentional, willful and bad faith attempts to deceive or to create mistake or confusion in the minds of CSEI's customers and potential customers and of the public, to trade on CSEI's goodwill, to palm off ZCI's goods as those of CSEI, and to create the false impression of a connection, affiliation, association, sponsorship, or approval of or between CSEI and ZCI, all causing irreparable injury to CSEI.

44. CSEI has no adequate remedy at law.

45. ZCI has been unjustly enriched by its infringing and unfair activities and CSEI is entitled to an accounting for all of ZCI's profits derived from the infringing sales.

46. By reason of ZCI's activities, CSEI has suffered substantial actual damages for injury to its goodwill and reputation, dilution of the distinctive quality of its trademarks and injury to its relationship with customers.

47. Because of ZCI's bad faith and intentional and willful counterfeiting, infringement, unfair competition, and deceptive trade practices, CSEI is entitled to recover punitive damages to deter ZCI from repeating its unlawful activities, as well as CSEI's attorney's fees and costs of this action.

## COUNT I

## TRADEMARK INFRINGEMENT—FEDERAL LAW

48. The allegations of ¶¶ 1-47 are incorporated as if repeated verbatim.

49. On April 15, 1992, Plaintiff applied for registration of the trademark MR. HORSEPOWER AND DESIGN in the United States Patent and Trademark Office for

1 use in association with camshafts and, on May 4, 1993, Plaintiff was granted Registration  
2 No. 1,768,442 in International Classes 7 and 12 for the trademark. This registration is  
3 valid, subsisting, and uncancelle. A copy of the trademark search result reflecting the  
4 registration is attached hereto, marked Exhibit 6, and by this reference is made a part  
5 hereof.

6 50. On August 7, 1992, Plaintiff applied for registration of the trademark MR.  
7 HORSEPOWER AND DESIGN in the United States Patent and Trademark Office for  
8 use in association with decals and, on May 18, 1993, Plaintiff was granted Registration  
9 No. 1,771,411 in International Class 16 for the trademark. This registration is valid,  
10 subsisting, and uncancelle. A copy of the trademark search result reflecting the  
11 registration is attached hereto, marked Exhibit 7, and by this reference is made a part  
12 hereof.

13 51. On August 7, 1992, Plaintiff applied for registration of the trademark MR.  
14 HORSEPOWER AND DESIGN in the United States Patent and Trademark Office for  
15 use in association with clothing, namely t-shirts, sweatshirts, jackets and hats, on May 18,  
16 1993, Plaintiff was granted Registration No. 1,771,552 in International Class 25 for the  
17 trademark. This registration is valid, subsisting, and uncancelle. A copy of the  
18 trademark search result reflecting the registration is attached hereto, marked Exhibit 8,  
19 and by this reference is made a part hereof.

20 52. As set forth above, on information and belief, long after the adoption and  
21 widespread use of the Marks by Plaintiff, and long after the mark MR. HORSEPOWER  
22 AND DESIGN had been registered in the United States Patent and Trademark Office,  
23 Defendant has infringed and continues to infringe Plaintiff's registered trademarks. See  
24 Exhibits 2-5 referred to above in this Complaint which embody true and accurate  
25 downloaded copies of the webpages of ZCI's website Zazzle.com depicting the offer for  
26 sale of designs uploaded by ZCI Users NelsonT, ABG925, Rusik1987 and SteveO.

27 53. Plaintiff has enjoyed considerable success over the years and has achieved a  
28 large volume of business under the Marks.

1       54. Plaintiff has expended large sums of money in advertising and otherwise  
2 promoting the sale of its various products and has prominently featured the Marks in its  
3 sales activities.

4       55. Plaintiff's products, sold under the Marks, are of high quality and, as a  
5 consequence, are well and favorably known to the trade and public as being of the best  
6 quality and entitled to full confidence. Plaintiff's trademark is a primary means by which  
7 the products are identified as having been produced and sold by Plaintiff.

8       56. Plaintiff has built up and now has valuable goodwill connected with its  
9 business, and this goodwill is symbolized by Plaintiff's trademarks, among which are the  
10 Marks.

11       57. In accordance with the provisions of 15 U.S.C. § 1111, Plaintiff's trademark,  
12 as displayed on Plaintiff's products, is accompanied by the letter R enclosed within a  
13 circle to provide notice that the trademark has been registered.

14       58. Plaintiff is reliably informed and believes, and based on such information  
15 and belief alleges, that the Defendant, without Plaintiff's consent or approval and after the  
16 Defendant had received actual notice of Plaintiff's prior registration of its Marks,  
17 nonetheless used the mark MR. HORSEPOWER AND DESIGN, a counterfeit mark or  
18 confusingly similar variants thereof, which use was, and is, wilful and deliberate; the use  
19 by the Defendant of Plaintiff's trademarks was for the purpose of giving the Defendant's  
20 products consumer appeal and salability, by usurping Plaintiff's own reputation and  
21 goodwill, which the products of those putative licensees otherwise would not have.

22       59. The use by the Defendant of the above-mentioned design and trademarks on  
23 merchandise and products manufactured, imported and/or sold by the Defendant is likely  
24 to deceive purchasers as to the source of the Defendant's goods, in that the trade and the  
25 public are likely to believe that the goods sold by the Defendant originate with Plaintiff  
26 or with a business that has a legitimate connection with Plaintiff.

27       60. The use of the Marks by the Defendant constitutes infringement of Plaintiff's  
28 trademarks, within the meaning of § 43(a) of the Lanham Trademark Act, 15 U.S.C. §